

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 6321

INFO USMISSION EC BRUSSELS

AMEMBASSY MADRID

AMCONSUL OPORTO

USMISSION OECD PARIS

AMCONSUL PONTA DELGADA

UNCLAS LISBON 1593

E.O. 11652: N/A

TAGS: EGEN, EINV, ELAB, PO

SUBJ: GOP AMALGAMATES NATIONALIZED CEMENT COMPANIES

1. COUNCIL OF MINISTERS MARCH 9 APPROVED AMALGAMATION OF THE SEVEN NATIONALIZED CEMENT COMPANIES INTO NEW PUBLIC ENTERPRISE CALLED CIMPOR-CIMENTOS DE PORTUGAL E.P. (EMPRESA PUBLICA). CIMPOR GIVEN MONOPOLY ON CEMENT PRODUCTION, EXCEPT FOR PERMITS ALREADY GRANTED SECIL-COMPANHIA GERAL DE CAL E CIMENTO, SARL, AND ENTREPOSTO INDUSTRIAL DAS ILHAS, SARL. SECIL IS PARTIALLY OWNED BY TWO DANISH FIRMS, AND ONLY THE PORTUGUESE SHARE HAS BEEN NATIONALIZED, STATUS AND OWNERSHIP OF OTHER FIRM IS UNCLEAR. GOVERNMENT COMMUNIQUE ANNOUNCED THAT STEPS WILL BE TAKEN TO GUARANTEE A "CONCERTED" CEMENT POLICY, IMPLICITLY INCLUDING SECIL.

2. GOP ALSO APPROVED STATUTES FOR NEWLY CREATED CIMPOR. ALTHOUGH SOME POINTS WILL REQUIRE FURTHER CLARIFICATION AND INTERPRETATION, NEW STATUTES GIVE CLEAREST INDICATION
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TO DATE OF GOVERNMENT'S CONCEPT OF "WORKER CONTROL OF

PRODUCTION" - AT LEAST FOR STATE-OWNED COMPANIES. WORKERS OF CIMPOR ARE GUARANTEED ADEQUATE POWERS TO PARTICIPATE IN RUNNING OF COMPANY, "WHENEVER THEY CONSIDER IT NECESSARY", THROUGH THEIR RIGHT TO:

- A. PARTICIPATE DIRECTLY IN INDUSTRY-WIDE POLICY COMMISSION;
- B. NOMINATE SIX MEMBERS OF CIMPOR'S MANAGEMENT BOARD AND ONE MEMBER OF ITS AUDIT BOARD, AND (ALONG WITH SECIL WORKERS) NAME EIGHT MEMBERS OF INDUSTRY-WIDE POLICY COMMISSION;
- C. ASSUME DIRECT CONDUCT OF FIRM'S ACTIVITIES "IF CERTAIN PRESUPPOSITIONS ARE VERIFIED", AND TO
- D. PRIOR CONSULTATION ON EVERYTHING RELATED TO WORK CONDITIONS.

3. PRESSURE FOR AMALGAMATION IN OTHER NATIONALIZED SECTORS IS GROWING. WORKERS IN NATIONALIZED PETROLEUM INDUSTRY ARE ON SLOW-DOWN STRIKE DEMANDING GOP COMBINE SACOR, SONAP, PETROSUL, AND CIDLA INTO ONE COMPANY, PETROGAL. WORKERS IN NATIONALIZED WOOD-PULP COMPANIES HAVE ALSO BEEN CALLING FOR AMALGAMATION.

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